

§ 575.501 Effect of license or authorization.

(a) No license or other authorization contained in this part, or otherwise issued by or under the direction of the Director of the Office of Foreign Assets Control, shall be deemed to authorize or validate any transaction effected prior to the issuance of the license, unless specifically provided in such license or authorization.

(b) No regulation, ruling, instruction, or license authorizes any transaction prohibited under this part unless the regulation, ruling, instruction, or license is issued by the Office of Foreign Assets Control and specifically refers to this part. No regulation, ruling, instruction, or license referring to this part shall be deemed to authorize any transaction prohibited by any provision of this chapter unless the regulation, ruling, instruction or license specifically refers to such provision.

(c) Any regulation, ruling, instruction, or license authorizing any transaction otherwise prohibited under this part has the effect of removing a prohibition or prohibitions contained in Subpart B from the transaction, but only to the extent specifically stated by its terms. Unless the regulation, ruling, instruction, or license otherwise specifies, such an authorization does not create any right, duty, obligation, claim, or interest in, or with respect to, any property which would not otherwise exist under ordinary principles of law.

§ 575.502 Exclusion from licenses and authorizations.

The Director of the Office of Foreign Assets Control reserves the right to exclude any person, property, or transaction from the operation of any license, or from the privileges therein conferred, or to restrict the applicability thereof with respect to particular persons, property, transactions, or classes thereof. Such action shall be binding upon all persons receiving actual or constructive notice of such exclusion or restriction.

§ 575.503 Payments and transfers to blocked accounts in U.S. financial institutions.

(a) Any payment of funds or transfer of credit or other assets, including any payment or transfer by any U.S. person outside the United States, to a blocked account in a U.S. financial institution located in the United States in the name of the Government of Iraq is hereby authorized, including incidental foreign exchange transactions, provided that such payment or transfer shall not be made from any blocked account if such payment or transfer represents, directly or indirectly, a transfer of any interest of the Government of Iraq to any other country or person.

(b) This section authorizes transfer of the funds of a blocked demand deposit account to a blocked interest-bearing account under the same name or designation as was the demand deposit account, as required pursuant to § 575.203 or at the instruction of the depositor, at any time. If such transfer is to a blocked account in a different U.S. financial institution such transfer must be made to a blocked account in a U.S. financial institution located in the United States, and the transferee financial institution must furnish within 10 business days of the date of transfer, the notification described in paragraph (h) of this section to the Office of Foreign Assets Control, Blocked Assets Section.

(c) This section does not authorize any transfer from a blocked account within the United States to an account held outside the United States.

(d) This section does not authorize any payment or transfer to any blocked account held in a name other than that of the Government of Iraq where such government is the ultimate beneficiary of such payment or transfer.

(e) This section does not authorize any payment or transfer of credit comprising an integral part of a transaction which cannot be effected without the subsequent issuance of a further license.

(f) This section does not authorize the crediting of the proceeds of the sale of securities or other assets, held in a

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blocked account or a sub-account thereof, or the income derived from such securities or assets, to a blocked account or sub-account, under any name or designation which differs from the name or designation of the specific blocked account or sub-account in which such securities or assets were or are held.

(g) This section does not authorize any payment or transfer from a blocked account in a U.S. financial institution to a blocked account held under any name or designation which differs from the name or designation of the specified blocked account or sub-account from which the payment or transfer is made.

NOTE TO § 575.503: Please refer to § 501.603 of this chapter for mandatory reporting requirements regarding financial transfers.

[56 FR 2113, Jan. 18, 1991, as amended at 56 FR 5636, Feb. 11, 1991; 58 FR 47646, Sept. 10, 1993; 62 FR 45109, Aug. 25, 1997]

§§ 575.504–575.532 [Reserved]

§ 575.533 Certain new transactions.

(a) *New Transactions.* Except as provided in paragraph (b) of this section, on or after the effective date of this section, all transactions that are otherwise prohibited by subpart B of this part are authorized.

NOTE TO PARAGRAPH (A): This authorization does not eliminate the need to comply with other provisions of 31 CFR chapter V or with other applicable provisions of law, including any aviation, financial, or trade requirements of agencies other than the Department of the Treasury's Office of Foreign Assets Control. Such requirements include the International Traffic in Arms Regulations (22 CFR parts 120 through 130) administered by the Department of State.

(b) *Continued Blocking, Special Provisions for Certain Exports and Reexports, and Additional Conditions.* (1) All property and interests in property that were blocked pursuant to subpart B of this part as of the effective date of this section remain blocked and subject to the prohibitions and requirements of this part.

(2) The exportation from the United States or, if subject to U.S. jurisdiction, the exportation or reexportation from a third country to Iraq of any goods or technology (including tech-

nical data or other information) controlled by the Department of Commerce under the Export Administration Regulations (15 CFR chapter VII, subchapter C) for exportation to Iraq must be separately authorized by or pursuant to this part.

NOTE TO PARAGRAPH (B)(2): The term "controlled by the Department of Commerce" means subject to a license requirement under the Department of Commerce's Export Administration Regulations (EAR). Items subject to a license requirement under the EAR include items on the Commerce Control List that are listed in 15 CFR 746.3 as requiring a license for exportation or reexportation to Iraq, as well as items and activities that require a license under the end-use and end-user provisions of 15 CFR part 744. To inquire whether particular goods or technology are controlled by the Department of Commerce under the Export Administration Regulations for exportation to Iraq, the exporter or reexporter should contact the Department of Commerce, Bureau of Industry and Security.

(3) This section does not authorize any transactions with:

(i) Persons or organizations determined by the Director of the Office of Foreign Assets Control to be included within § 575.306,

(ii) Persons on the Defense Department's 55-person Watch List, or

(iii) Persons identified by the 661 Committee pursuant to paragraphs 19 and 23 of United Nations Security Council Resolution 1483, adopted May 22, 2003.

NOTE TO PARAGRAPH (B)(3): Persons determined by the Director of the Office of Foreign Assets Control to be included within § 575.306 are also known as specially-designated nationals ("SDNs") of the Government of Iraq. These persons are included in Appendix A to 31 CFR chapter V, and an up-to-date list is maintained on the Office of Foreign Assets Control's Web site at <http://www.treas.gov/ofac>.

(4) This section does not authorize any transactions with respect to Iraqi cultural property or other items of archaeological, historical, cultural, rare scientific, and religious importance illegally removed from the Iraq National Museum, the National Library, and other locations in Iraq since August 6, 1990. Any trade in or transfer of such items, including items with respect to which reasonable suspicion exists that